

**Reviewer's Guide to Eligible Activities and Limitations for Use of Funds for the Energy Efficiency and Conservation Block Grant (EECBG) Program – Formula Grants**

This guide is intended to provide information on eligible activities as defined in the EECBG program's authorizing legislation and further developed by DOE.

Eligible activities for use of EECBG funds are defined in Section 544 of Subtitle E, Title V of the Energy Independence and Security Act of 2007, or Public Law 110-140. Eligible Activities are also described in the EECBG Funding Opportunity Announcement beginning on page 6. Public Law 110-140 and the FOA can both be found on [www.eecbg.energy.gov](http://www.eecbg.energy.gov) or the reviewer FTP site. A searchable database of official program questions and answers, many of which are related to eligible and ineligible activities, can be found at <http://www.eecbg.energy.gov/about/FAQ.html>.

If an applicant proposes an activity that does not clearly fall under one of the defined eligible activities but meets the intent of that activity and the program as a whole, consult your review team and/or seek guidance from WIP program staff at [eecbgreview@ee.doe.gov](mailto:eecbgreview@ee.doe.gov) to make a determination on eligibility. For example, an applicant may propose building energy audits of government buildings. This activity is not clearly specified in Activity (3) Residential and Commercial Building Energy Audits, yet it meets the intent of the activity and of the program as a whole. Therefore it would be determined to be eligible and could fit under Activity (6) Energy Efficiency and Conservation Programs for Buildings and Facilities. Note that eligible activities related to renewable energy generation are limited only to those that are clearly specified – see below for more information.

This guide is organized as follows:

**Part 1: EECBG Program Background****Part 2: Overall Limitations for Use of EECBG Program Funds****Part 3: Eligible Activity Descriptions****Part 4: NEPA Guidance from the EECBG Funding Opportunity Announcement**

## Part 1: EECBG Program Background

### PURPOSE

The purpose of the EECBG Program is to assist eligible entities in creating and implementing strategies to:

- Reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the maximum extent practicable, maximizes benefits for local and regional communities;
- Reduce the total energy use of the eligible entities; and
- Improve energy efficiency in the building sector, the transportation sector, and other appropriate sectors.
- Create/retain jobs and stimulate the economy under the American Recovery and Reinvestment Act of 2009.

These stated purposes describe the overall intent of the EECBG Program. Entities may develop various initiatives and projects that address one or more of the purposes and each activity an entity undertakes is not required to meet all of the stated purposes. DOE encourages entities to develop many different new and innovative approaches within the framework of the legislation and the guidance to serve these purposes. However, each entity is required to use the funds in a cost-effective manner that is of maximum benefit to the population of that entity and in a manner that will yield continuous benefits over time in terms of energy and emission reductions.

### PROGRAM PRINCIPLES

DOE has developed the following core principles to guide entities during the program and project planning process:

- Prioritize energy efficiency and conservation first as the cheapest, cleanest, and fastest ways to meet energy demand.
- Link energy efficiency efforts to long-term priorities (especially community economic development, community stabilization and poverty reduction efforts).
- Invest funds in programs and projects that create and/or retain jobs and stimulate the economy while meeting long term energy goals.
- Target programs and projects that will provide substantial, sustainable and measurable energy savings, job creation and economic stimulus effects.
- Give priority to programs and projects that leverage federal funds with other public and private resources, including coordinated efforts involving other Federal programs targeting community development funded through the Recovery Act such as the Community Development Block Grant program, HOME, and job training programs.
- Develop programs and strategies that will continue beyond the funding period, to the extent possible.
- Ensure oversight, transparency, and accountability for all program activities.
- Enact policies that transform markets, increase investments, and support program goals.
- Develop comprehensive plans that benchmark current performance and set aggressive goals.
- Consider the unique circumstances regarding near and long term benefits of various ways to involve the community in public policymaking and implementation.

### PROGRAM OUTCOMES

The EECBG Program is a crosscutting program. There are many possible outcomes that could result from successfully implementing programs, projects and activities at the state and local level. These desired outcomes help clarify the broad purposes stated in the legislation and can assist implementation, including overall development and administration of state and

local programs. They can be used to help evaluate potential programs and projects, as well as understand the factors that affect the success of different activities, programs and projects. Desired outcomes of the EECBG Program include:

- Increased energy efficiency, reduced energy consumption and reduced energy costs through efficiency improvements in the building, transportation and other appropriate sectors;
- New jobs and increased productivity to spur economic growth and community development;
- Accelerated deployment of market-ready distributed renewable energy technologies, including wind, solar, geothermal, hydropower, biomass and hydrogen technologies;
- Improved air quality and related environmental and health indicators associated with the reduction of fossil fuel emissions;
- Improved coordination of energy-related policies and programs across jurisdictional levels of governance and with other local and community level programs in order to maximize the impact of this program on long-term local priorities;
- Increased security, resilience, and reliability of energy generation and transmission infrastructure;
- Leveraging of the resources of federal, state and local governments, utilities and utility regulators, private sector and non-profit organizations to maximize the resulting energy, economic and environmental benefits; and
- Widespread use of innovative financial mechanisms that transform markets.

## Part 2: Overall Limitations for Use of EECBG Program Funds

### OVERALL LIMITATIONS: ALL APPLICANTS

- No projects related to swimming pools, aquariums, zoos, golf courses or gambling establishments are allowable under the EECBG program (or any other program funded through the American Recovery and Reinvestment Act of 2009). Any buildings or infrastructure supporting any of the above establishments are also ineligible. For example, a proposal to do energy efficiency retrofits in a hotel that is part of a casino complex is not eligible. The test for whether the building or infrastructure “supports” any of the above establishments is the following, to use the hotel casino example: if the casino were not there, would the hotel still be there? If yes, the project is eligible. If no, it is not eligible.
- Enabling activities (plans, studies, financial mechanisms, etc.) that support ineligible activities are ineligible. For example, a feasibility study for a wind turbine installation NOT connected to a government building is ineligible.
- The purchase of land is not eligible.
- The full cost of alternative fuel or hybrid vehicles is not eligible; only the cost difference between a conventional vehicle and an alternative fuel or hybrid vehicle is eligible.
- The full cost of new construction of a building is not eligible; only the cost difference between a conventional building and a high performance energy efficient building is eligible.
- Urban forestry/green landscaping/tree-planting activities that do not use siting or other techniques to directly reduce the energy consumption of buildings are ineligible.
- If no cost cap is specifically defined for a particular activity, then no cost cap exists for that activity.
- Activities related to renewable energy generation are restricted under this program. The following activities are eligible, and no other activities are eligible unless further guidance is released by the Weatherization and Intergovernmental Program office. More information on each of these activities can be found in the corresponding activity section in Part 2 of this document.
  - Bundled energy efficiency and renewable energy generation activities for buildings (#6 under Group II)
  - Installation of solar panels on interstate rights-of-way to conserve energy in highway operations and maintenance activities (#7 under Group III)
  - Renewable energy on government buildings (#13 under Group IV)
- The question may arise: Can a grantee start incurring expenses prior to the awarding of funds, and be reimbursed by the grant? The answer is as follows: Any work a grantee does prior to approval of the application is done at their own risk. However, grantees may be able to recoup pre-award costs of expenditures up to 90 days prior to the effective date of the award. The pre-award costs must first be reviewed by DOE to determine if they were incurred in direct support of an approved activity and if they meet the requirements of the appropriate cost principles. DOE will not consider

any pre-award costs incurred before 2/17/09, the date the Recovery Act was signed. Any EECBG formula grant applicant that desires reimbursement for pre-award costs must include details on those costs in their application.

#### **OVERALL LIMITATIONS: States and Territories ONLY:**

- States are required to sub-grant at least 60 percent of their allocation to units of local government in the state that are not eligible for direct grants. There are no requirements for how this sub-grant process is designed.
- State applicants may expend for payment of reasonable administrative and planning costs not more than 10 percent of amounts provided under the program including the cost of reporting.
- State applicants must submit Attachment E, the Energy Efficiency and Conservation Strategy (EE&C Strategy), with the application. The scope of the EE&C Strategy should be those activities the applicant is undertaking with EECBG program and leveraged dollars only.

#### **OVERALL LIMITATIONS: Local Governments and Indian Tribes ONLY:**

- Up to 10 percent or \$75,000, whichever is greater, of grant funds may be used for administrative expenses, excluding the cost of meeting the reporting requirements of the Program. Administrative costs are the allowable, reasonable, and allocable direct and indirect costs related to overall management of the awarded grant.
- Up to 20 percent or \$250,000, whichever is greater, of the grant funds may be used for the establishment of revolving loan funds.
- Up to 20 percent or \$250,000, whichever is greater, of grant funds may be used for the provision of sub-grants to nongovernmental organizations for the purpose of assistance with overseeing, establishing and monitoring the EECBG activities of the applicant. This does not constitute a limit on all sub-grants; an applicant may sub-grant 100 percent of the allocation for *program implementation* (i.e., the performance of EECBG activities). A nongovernmental organization is defined as any organization created by persons with no participation or representation in any government; this would likely be institutions of higher education, non-profit organizations, or commercial organizations.
- Local governments and tribes have 2 options for submitting their EE&C Strategy, which is "Attachment D – Energy Efficiency and Conservation Strategy for Units of Local Government and Tribes."
  - Option 1: They may submit it with the application.
  - Option 2: They may submit it within 120 days of the effective date of their award. If the latter option is chosen by the applicant, a Project Activity File must be included in the application proposing the development of an EE&C Strategy as an activity. If Option 2 is chosen, the applicant may propose other activities in addition to the proposed activity of development of an EE&C Strategy.

**AWARD DISBURSEMENT SCHEDULE**

For your information, the disbursement schedule for awards is as follows (as written on page 10 of the FOA):

- Awards up to \$250,000 – 100% of allocation will be obligated at time of award. No EECS is required prior to award, but the EECS must be submitted within 120 days.
- Awards above \$250,000 but less than \$2M – applicants may receive up to \$250,000 for development of the EECS and approved activities. If not submitted with the application, the EECS is required within 120 days of the effective date of the award. The balance of the allocation will be obligated upon DOE approval of the recipient's EECS.
- Awards above \$2M – applicants may receive up to \$250,000 at award for development of an EECS and approved activities, or 50% of the total allocation if an acceptable EECS has been submitted with the application and has been approved by DOE. The balance of funding will be obligated after one or more progress reviews in which the recipient must demonstrate that it has obligated funds appropriately, complied with reporting requirements and created jobs.

## Part 3: Eligible Activity Descriptions

For application review purposes, eligible activities are grouped into the following activity areas below: strategic planning & consulting; buildings and facilities; transportation; renewable energy technologies on government buildings; distributed energy technologies; materials conservation; methane capture; and other appropriate activities.

### GROUP I: STRATEGIC PLANNING and CONSULTING

#### **(1) Development of an Energy Efficiency and Conservation Strategy (EE&C Strategy):**

Entities may use a grant received under this part to develop and/or implement an Energy Efficiency and Conservation Strategy and to carry out activities to achieve the purposes of the program. The EE&C Strategy should be confined to those activities funded by EECBG program dollars only (including leveraged dollars).

##### Additional eligible uses of funds under this activity:

- Development of an EE&C Strategy
- Development of an energy-related plan
- Development of a feasibility study or assessment—supporting an eligible activity only

##### Ineligible uses of funds under this activity:

- A plan, study or other strategy or assessment that supports an ineligible activity under the program (e.g., a feasibility study for a solar installation on a government building is eligible; a feasibility study for a solar installation that is not connected to a government building is not eligible).

##### Cost cap:

\$250,000 for development of an EE&C Strategy.

**(2) Technical Consultant Services:** Entities may retain technical consultant services to assist the entity in the development of an EE&C strategy, including formulation of energy efficiency, energy conservation, and energy usage goals; identification of strategies to achieve those goals through efforts to increase energy efficiency, reduce fossil fuel emissions or reduce energy consumption through investments or by encouraging behavioral changes. Entities may develop methods to measure progress in achieving the goals. Entities may develop and publish annual reports to the population served by the eligible entity describing the strategies and goals and the progress made in achieving them during the preceding calendar year.

### GROUP II: BUILDINGS and FACILITIES

**(3) Residential and Commercial Building Energy Audits:** Entities may support the conduct of residential and commercial building energy audits.

##### Additional eligible uses of funds under this activity:

- Any activities that support or facilitate the conduct of residential or commercial building energy audits. For example, subsidizing home energy audits performed by a private company or training a workforce to conduct building audits are permitted under this activity.

**(4) Financial Incentive Programs:** Entities may establish financial incentive programs and mechanisms for energy efficiency improvements including but not limited to:

- Energy Savings Performance Contracts (ESPCs).

- Revolving Loan Funds, loan guarantee, on-bill financing, mortgage, and other loan programs.
- Grant, rebate, tax credit, property tax exemption, tax holiday, fee-waiver, or interest rate buy-down programs.
- Bond, expedited permitting, or credit programs.
- Any other financial incentive program for energy efficiency improvements.

Cost cap:

For cities, counties, and Indian tribes only: cap on Revolving Loan Funds of the greater of 20% of the allocation or \$250,000.

**(5) Energy Efficiency Retrofits:** Grants may be made to nonprofit organizations and governmental agencies for the purpose of retrofitting existing facilities to improve energy efficiency.

**(6) Energy Efficiency and Conservation Programs for Buildings and Facilities:** Entities may develop and implement energy efficiency and conservation programs for buildings and facilities within the jurisdiction of the entity. The range of activities includes the design and operation of the programs; the identification of the most effective methods for achieving maximum participation and efficiency rates; public education; measurement and verification protocols; and identification of energy efficient technologies.

Additional eligible uses of funds under this activity:

- Financial incentive programs that bundle energy efficiency measures with onsite renewable energy generation (e.g., solar thermal or electric) for buildings are eligible. The energy efficiency measures must be included for this activity to be eligible.

**(8) Building Codes and Inspections:** Entities may develop and implement building codes and inspection services to promote building energy efficiency.

### **GROUP III: TRANSPORTATION**

**(7) Development and Implementation of Transportation Programs:** Entities may develop and implement programs to conserve energy used in transportation, including but not limited to:

- Employee flex time programs
- Promoting use of satellite work centers
- Development and promotion of zoning guidelines or requirements that promote energy efficient development
- Development of [non-highway] infrastructure such as bike lanes and pathways and pedestrian walkways
- Synchronization of traffic signals
- State/locals/regional integrated planning activities (i.e. transportation, housing, environmental, energy, land use) with the goal of reducing greenhouse gas emissions and vehicle miles traveled
- Incentive programs to reduce commutes by single occupancy vehicles
- Improvements in operational and system efficiency of the transportation system such as implementation of intelligent transportation system (ITS) strategies
- Idle-reduction technologies and/or facilities to conserve energy, reduce harmful air pollutants, and greenhouse gas emissions from freight movement
- Installation of solar panels on interstate rights-of-way to conserve energy in highway operations and maintenance activities



Ineligible uses of funds under this activity:

- The full cost of alternative fuel or hybrid vehicles is not eligible; only the cost difference between a conventional vehicle and an alternative fuel or hybrid vehicle is eligible.

**(12) Traffic Signals and Street Lighting:** Entities may use grant funds to replace traffic signals and street lighting with energy efficient lighting technologies, including light emitting diodes; and any other technology of equal or greater energy efficiency.

#### **GROUP IV: RENEWABLE ENERGY TECHNOLOGIES on Government Buildings**

**(13) Renewable Energy Technologies on Government Buildings:** Entities may use grant funds to develop, implement, and install on or in any government building of the eligible entity onsite renewable energy technology that generates electricity from renewable resources, including solar energy; wind energy; fuel cells; and biomass.

Additional eligible uses of funds under this activity:

- Renewable energy technology installations are allowed on or in a government building of the applicant. Installations are also allowed on the site of a government building of the applicant provided the renewable energy system is physically connected to the building and supplies power directly to serve the building's energy load. The power generated by the installed system can supply any percentage of the building's load, and does not have to be wholly consumed by the building.
- Financing mechanisms supporting or enabling the above activity are eligible, for example a power purchase agreement for solar PV installations on multiple government buildings.

Ineligible uses of funds under this activity:

- Renewable energy technology installations on/in/on site of a government facility of the applicant.

#### **GROUP V: DISTRIBUTED ENERGY TECHNOLOGIES**

**(9) Energy Distribution:** Entities may implement distributed energy resource technologies that significantly increase energy efficiency, including:

- District heating and cooling systems
- Combined heat and power systems
- Cogeneration systems
- Energy Storage systems
- Absorption chillers
- Desiccant humidifiers
- Micro turbines
- Ground source heat pumps

#### **GROUP VI: MATERIALS CONSERVATION**

**(10) Material Conservation Programs:** Entities may implement activities to increase participation and efficiency rates for material conservation programs, including source reduction, recycling, and recycled content procurement programs that lead to increases in energy efficiency.

#### **GROUP VII: METHANE CAPTURE**

**(11) Reduction and Capture of Methane and Greenhouse Gases:** Entities may use grant funds to purchase and implement technologies to reduce, capture, and, to the maximum extent practicable, use methane and other greenhouse gases generated by landfills or similar waste-related sources, such as wastewater treatment plants, operations producing food waste, dairy farms and other animal operations.

Ineligible uses of funds under this activity:

- Carbon sequestration projects or programs.

## Part 4: NEPA Guidance from the EECBG Funding Opportunity Announcement

All projects receiving financial assistance from DOE must be reviewed under the National Environmental Policy Act (NEPA) of 1969 – 42 U.S.C. Section 4321 et seq.

Based on DOE's review of the list of activities that funds can be utilized for under the EECBG Program, DOE has determined that projects in support of activities 1-3, 6, 7A, 7B, 7C, 7E, 7F, 8-10, and 12 (shown in the table in regular text) will likely be classified as categorical exclusions. Therefore, Applicants proposing projects in support of activities 1-3, 6, 7A, 7B, 7C, 7E, 7F, 8-10, and 12 are not required to submit any NEPA documentation at this time. However, DOE reserves the right to request NEPA documentation if during the review process it is determined necessary.

Applicants proposing projects in support of activities 4, 5, 7D, 11, 13, and 14 (shown in the table below in **bold text**) may also qualify for categorical exclusion status. However, this determination cannot be made without NEPA review. **Therefore, all Applicants proposing projects in support of activities 4, 5, 7D, 11, 13, and 14 must supply the environmental information contained in NETL F 451.1-1/3-EECBG contained in Attachment B3.** This form should be saved in a file named "UIC-NEPA.pdf" and click on "Add Optional Other Attachment" to attach. Applicants must know that by proposing projects in support of activities 4, 5, 7D, 11, 13, or 14, the NEPA process could delay the award process; applicants may be restricted to use of funds for planning purposes only until the NEPA process is complete.

Table of NEPA Requirements by EECBG Project Activities		
ACTIVITY NUMBER	ACTIVITY DESCRIPTION	NEPA ACTION REQUIRED AT THIS TIME
1.	development and implementation of an energy efficiency and conservation strategy under section 545(b);	No further action needed at this time
2.	retaining technical consultant services to assist the eligible entity in the development of such a strategy, including— A. formulation of energy efficiency, energy conservation, and energy usage goals; B. identification of strategies to achieve those goals— (i) through efforts to increase energy efficiency and reduce energy consumption; and (ii) by encouraging behavioral changes among the population served by the eligible entity; C. development of methods to measure progress in achieving the goals; D. development and publication of annual reports to the population served by the eligible entity describing— (i) the strategies and goals; and (ii) the progress made in achieving the strategies and goals during the preceding calendar year; and E. other services to assist in the implementation of the energy efficiency and conservation strategy;	No further action needed at this time

3.	residential and commercial building energy audits;	No further action needed at this time
4.	<b>establishment of financial incentive programs for energy efficiency improvements;</b>	<b>Complete NETL F 451.1-1/3-EECBG and submit with application</b>
5.	<b>the provision of grants to nonprofit organizations and governmental agencies for the purpose of performing energy efficiency retrofits;</b>	<b>Complete NETL F 451.1-1/3-EECBG and submit with application</b>
6.	development and implementation of energy efficiency and conservation programs for buildings and facilities within the jurisdiction of the eligible entity, including— A. design and operation of the programs; B. identifying the most effective methods for achieving maximum participation and efficiency rates; C. public education; D. measurement and verification protocols; and E. identification of energy efficient technologies;	No further action needed at this time
7.	development and implementation of programs to conserve energy used in transportation, including— A. use of flex time by employers; B. satellite work centers; C. development and promotion of zoning guidelines or requirements that promote energy efficient development;	No further action needed at this time
	<b>D. development of non-highway transportation infrastructure, such as bike lanes and pathways and pedestrian walkways;</b>	<b>Complete NETL F 451.1-1/3-EECBG and submit with application</b>
	E. synchronization of traffic signals; and F. other measures that increase energy efficiency and decrease energy consumption;	No further action needed at this time
8.	development and implementation of building codes and inspection services to promote building energy efficiency;	No further action needed at this time
9.	application and implementation of energy distribution technologies that significantly increase energy efficiency, including— A. distributed resources; and B. district heating and cooling systems;	No further action needed at this time
10.	activities to increase participation and efficiency rates for material conservation programs, including source reduction, recycling, and recycled content procurement programs that lead increases in energy efficiency;	No further action needed at this time
11.	<b>the purchase and implementation of technologies to reduce, capture, and, to the maximum extent practicable, use methane and other greenhouse gases generated by landfills or similar sources;</b>	<b>Complete NETL F 451.1-1/3-EECBG and submit with application</b>
12.	replacement of traffic signals and street lighting with energy efficient lighting technologies, including—	No further action needed at this time

	<p>A. light emitting diodes; and</p> <p>B. any other technology of equal or greater energy efficiency;</p>	time
13.	<p><b>development, implementation, and installation on or in any government building of the eligible entity of onsite renewable energy technology that generates electricity from renewable resources, including—</b></p> <p><b>A. solar energy;</b></p> <p><b>B. wind energy;</b></p> <p><b>C. fuel cells; and</b></p> <p><b>D. biomass; and</b></p>	<p><b>Complete NETL F 451.1-1/3-EECBG and submit with application</b></p>
14.	<p><b>any other appropriate activity, as determined by the Secretary, in consultation with—</b></p> <p><b>A. the Administrator of the Environmental Protection Agency;</b></p> <p><b>B. the Secretary of Transportation; and</b></p> <p><b>C. the Secretary of Housing and Urban Development.</b></p>	<p><b>Complete NETL F 451.1-1/3-EECBG and submit with application</b></p>